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EVENT: Guilty Plea

Defendant: William J. Rauwerdink

Former Lason Executive Pleads Guilty to Fraud

The former Chief Financial Officer of Lason, Inc. pleaded guilty today to conspiring to commit mail, wire, and bank fraud and make false statements to the Securities and Exchange Commission, and to filing a false and fraudulent quarterly report (10-Q) for Lason with the SEC, United States Attorney Stephen J. Murphy announced. Joining in the announcement was Daniel D. Roberts, Special Agent in Charge of the Detroit Division of the Federal Bureau of Investigation.

William J. Rauwerdink, 56, of West Bloomfield, Michigan, entered the guilty pleas before U.S. District Judge Arthur J. Tarnow. Mr. Rauwerdink, a CPA, became the CFO of Lason, a company based in Troy, Michigan, in May 1996. The charges to which he pleaded guilty involve Lason's financial statements for 1998 and the first three quarters of 1999, which fraudulently inflated Lason's net income through several accounting devices and the outright fabrication of revenues. The scheme, which lasted nearly two years, enabled Lason to meet or exceed Wall Street's consensus estimates for Lason's earnings per share (EPS) and boosted the price of Lason's common stock and the value of Lason stock options held by senior management, including Mr. Rauwerdink. The fraudulent financial statements were included in quarterly and annual reports (10-Qs and 10-Ks) filed by Lason with the SEC, all signed by Mr. Rauwerdink, and were relied on by stock analysts, investors, and Lason's major lenders.

From its initial public offering in 1996 through the third quarter of 1999, Lason's *reported* EPS never failed to meet Wall Street's estimates. In December 1999, facing an earnings gap that was simply too big to be plugged by fraud, Lason announced that its EPS for the fourth quarter would come in below the figure projected by stock analysts. The next business day, Lason's stock price fell 51%, resulting in a loss to investors of about $196 million. The accounting fraud also resulted in substantial losses to members of the bank syndicate that provided Lason with its principal line of credit.

United States Attorney Murphy said, "Large and complicated corporate fraud cases are, without exception, complex, fact intensive and difficult to unravel. Nevertheless, the harmful effects of corporate fraud on its victims – corporate employees, investors, customers, or competitors – is no different than if they robbed on the street. The Lason matter shows what our cadre of experienced white-collar crime prosecutors are doing everyday to prosecute criminal corporate fraud matters. I salute the fine work of the AUSAs involved, the FBI agents assigned to the matter and the SEC's Enforcement Division. We will continue to work hard to investigate and bring these sorts of cases to resolution."

At the time of the offenses, Lason was a provider of printing services, mail-processing service, and electronic information management services to hundreds of businesses located throughout the United States, Canada, Mexico, the United Kingdom, and India.

Under his plea agreement with the government, Mr. Rauwerdink faces up to 97 months' imprisonment and $500,000 in fines and could be ordered to pay restitution to Lason's former shareholders and lenders.

Two other former Lason executives have pleaded guilty to federal crimes. Its former President and Chief Operating Officer, John Messinger, pleaded guilty before Judge Tarnow in August 2004 to aiding and abetting the filing with the SEC of Lason's fraudulent 10-Q for the third quarter of 1999. Mr. Messinger has cooperated with the government and is scheduled to be sentenced in February 2007. He faces a maximum sentence of 37 months' imprisonment.

And Lason's former CEO and Chairman, Gary Monroe, pleaded guilty before Judge Tarnow to the same charge earlier this month. He, too, agreed to cooperate with the government and is scheduled to be sentenced in February 2007. He faces a maximum sentence of 46 months' imprisonment.

Mr. Murphy noted that Lason ended its employment relationship with Messrs. Rauwerdink and Monroe in the spring and summer of 2000 and with Mr. Messinger in March 2001, when Lason reported the results of its internal investigation to the SEC and the U.S. Attorney's Office. The internal investigation found that there were accounting irregularities in Lason's past financial statements. Lason itself, Mr. Murphy added, has not been charged and has not been a target of the government's investigation. "Lason's current management has been and continues to be fully cooperative with the U.S. Attorney's Office, the FBI, and the SEC."

Lason filed for bankruptcy protection under Chapter 11 in December 2001 and emerged from Chapter 11 in July 2002 in a restructured form. In August 2004, Lason was purchased by a private equity firm, Charterhouse Group, Inc., and remains in business today as a privately held company.

In May 2003, the SEC filed a civil complaint in federal district court in Detroit against Messrs. Monroe, Rauwerdink, and Messinger and Lason's former controller. That complaint remains pending.

The criminal investigation of this case has been conducted by the FBI, with assistance from the SEC's Division of Enforcement. The case was prosecuted by Assistant U.S. Attorneys Jennifer Gorland and Stephen Hiyama.